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RUEHAD/AMEMBASSY ABU DHABI PRIORITY 5730
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RUEHEG/AMEMBASSY CAIRO PRIORITY 4379
RUEHDM/AMEMBASSY DAMASCUS PRIORITY 6613
RUEHLO/AMEMBASSY LONDON PRIORITY 3409
RUEHFR/AMEMBASSY PARIS PRIORITY 1617
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RUEHRH/AMEMBASSY RIYADH PRIORITY 2800
RUEHTU/AMEMBASSY TUNIS PRIORITY 6802
RUCNDT/USMISSION USUN NEW YORK PRIORITY 8856
RUEHJI/AMCONSUL JEDDAH PRIORITY 1628
RUEHJM/AMCONSUL JERUSALEM PRIORITY 2472
RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY
RHMFISS/COMSOCEUR VAIHINGEN GE PRIORITY
RHMFIUU/COMSIXTHFLT PRIORITY

UNCLAS TEL AVIV 001685

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR X0XX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

SIPDIS
E.O. 12958: N/A
TAGS: [OPRC](#) [KMDR](#) [IS](#)

SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

The Jerusalem Post and other leading media reported that, following his meeting with PM Benjamin Netanyahu, U.S. Envoy for Middle East Peace Senator George Mitchell said there had been "good progress" at the meeting. "We look forward to continuing our discussions to reach a point that we can all move forward to reach a comprehensive

peace," he said. Netanyahu said that the discussions had been "very important and productive" and that "we will continue our efforts to successfully advance toward peace between us and the Palestinians." He said the sides "were progressing." (HaQaretz noted that Netanyahu and Mitchell Qdid not say how close they were to resolving the disagreement.Q) Maariv quoted a senior figure in Netanyahu's close circle as saying yesterday with satisfaction: 'There will be no blowup with America.Q HaQaretz quoted Netanyahu and Mitchell as saying that the two countries are nearing an understanding on settlement construction in the West Bank. HaQaretz reported that the two agreed to meet again in Israel next month.

The Jerusalem Post reported that Mitchell left his Israeli interlocutors with the impression yesterday that he would be able to extract some normalization gestures towards Israel from the Arab world within a month. Although no agreement was announced regarding the U.S. demand for a settlement freeze, Israeli officials were quoted as saying that the sides were "getting close" to "finding that common ground to enable progress." Israeli government sources were quoted as saying that Mitchell would come back to the region at some point in August. The Jerusalem Post cited assessments in Jerusalem that negotiations with the Palestinians would begin only after the U.S. and Israel agreed on some kind of settlement construction freeze, and this freeze would be declared when the U.S. had commitments for some normalization gestures from the Arab world.

The Jerusalem Post reported that Israel has made clear that any type of settlement freeze would have to be met by reciprocal gestures from the Arab world, leading to speculation that the delay in reaching a compromise on the settlements up until now has stemmed in part from difficulties Mitchell has been having in getting any

Arab states to commit to making goodwill gestures toward Israel at this time. The Post cited White House confirmation that President Obama had sent letters to a handful of Arab and Gulf states within the last two months seeking confidence-building measures toward Israel. Among the countries that received these letters were Bahrain, Egypt, Jordan, Saudi Arabia, and the United Arab Emirates. In addition, Obama sent a letter earlier this month to Morocco's King Mohamed VI asking him to "be a leader in bridging gaps between Israel and the Arab world." Among the gestures that have reportedly been discussed are granting Israel overfly rights, the exchange of economic interest sections, and various cultural and educational exchanges. Israel Radio cited the London-based Ash-Sharq Al-Awsat as saying that those countries expressed reservations about such gestures, saying they were premature.

Israel Radio quoted a senior PA official as saying that Mitchell told PA President Mahmoud Abbas on Sunday that President Obama will present his peace initiative in two months.

Israel Radio reported that U.S. National Security Advisor Gen. James Jones and members of his staff will discuss the Iranian nuclear program with their Israeli counterparts and visit Mossad facilities, among other institutions. The radio reported that Jones met with DM Barak this morning. Israel Radio quoted PM Netanyahu as saying last night at the National Defense College that radical Islam can be defeated by ideas of freedom, but that the danger -- which Netanyahu said was only being gradually understood in many countries -- lies in Muslim countries procuring nuclear weapons. Media also quoted Netanyahu as saying at the college that Gazans have the power to overthrow the Hamas regime.

HaQaretz quoted IDF Chief of Staff Lt. Gen. Gabi Ashkenazi as saying yesterday that police officers, not soldiers, should evacuate outposts. The HaQaretz Web site reported that last night, police dismantled the West Bank outpost of Mitzpe Avihai near Hebron.

HaQaretz and other media quoted the Lebanese news agency as saying yesterday that the Israeli and Lebanese armies have deployed on both sides of the border in the Har Dov area, also known as Sheba Farms. The media reported that, amid the reports of tension along Israel's northern border, DM Ehud Barak and Chief of Staff Ashkenazi tried to calm the atmosphere. In a separate development, HaQaretz reported that Israel is considering negotiating with Lebanon by reestablishing one of the 1949 armistice commissions that ended Israel's War of Independence. Israeli officials have been discussing the matter with the U.S., UN, and EU.

Maariv reported that the lifting of U.S. economic sanctions on Syria is meant to facilitate Syrian aid to U.S. efforts in Iraq. The Jerusalem Post's social column reported that former U.S. Ambassador to Israel Dan Kurtzer was recently mentioned as one of the people being considered to serve as America's ambassador to Syria.

HaQaretz reported that the temporary route of the security fence places the West Bank Palestinian village of Beit Ikse on the Israeli side of the security barrier. The route is based on a Defense Ministry decision that runs counter to plans approved by the cabinet of then PM Ehud Olmert. As a result, residents of the village, which is just north of Jerusalem, can enter Israeli territory without any significant restriction. The arrangement is also contrary to earlier recommendations within the Defense Ministry.

Israel Hayom reported that the police will also recommend the indictment of FM Avigdor Lieberman on a bribery charge.

The media (banner in Yediot) cited controversy surrounding an impending bill introducing biometric data in Israeli citizens' ID cards and passports. The safety of records is questioned.

In its lead story, the Shas weekly Yom LeYom questions the necessity of recent FBI arrests of Jewish dignitaries.

Over the past few days the media reported that yesterday Daniel Boyd, an American convert to Islam, his two sons, and five others were arrested in North Carolina and charged on Monday with supporting violent jihad movements in countries including Israel, Jordan, Kosovo, and Pakistan. They allegedly sought to carry out a terrorist attack in Tel Aviv.

The Jerusalem Post reported that the IDF boycotted a Rabbinic for Human Rights conference after discovering that a petition would be signed during the conference to establish an independent inquiry committee to investigate war crimes charges. Yesterday HaQaretz reported that, following protests by Israel, the Netherlands will reevaluate its funding of Breaking the Silence, an organization that alleged that Israeli troops used Palestinians as human shields in Gaza. Israel Radio cited the British Embassy as saying that, as Breaking the Silence is a lawful group, it does not find fault with funding it.

Israel Hayom reported that yesterday the Federal Reserve Bank publicized demands made in an agreement with Bank Hapoalim that the largest Israeli bank correct faults in the domain of money-laundering at its Miami branch. The newspaper quoted Hapoalim's response that the agreement is similar to agreements signed by other banks in the U.S. with the U.S. regulator.

All media reported that yesterday the Jerusalem District Court ruled that two Israeli crime kingpins, the Abergil brothers, can be extradited to the U.S. Their lawyers will appeal to the High Court of Justice. Yediot reported that U.S. authorities revoked the visa that had been granted to their associate, Moti Hassin, who planned to assist the Abergils from inside the U.S.

The media (banner in Maariv) reported that yesterday the U.S. dollar reached the low rate of 3.77 shekels (a 5% decline in two weeks) and rose slightly this morning.

The media reported on events related to Tisha BeAv, the fast day commemorating the fall of the two Jewish Temples, which starts at sunset today.

Mideast:

Block Quotes:

I. "Yes, Indeed, the Settlements"

Former Meretz Knesset Member Zvia Greenfield wrote in the independent, left-leaning HaQaretz (7/29): QIn the inevitable clash with the United States to which the Prime Minister and his cabinet are leading us, the result has to be clear in advance: It's the Titanic that will sink, not the iceberg. Nevertheless, some consolation can be found in the current situation: Obama, after all, is being kind to us. Of all the means at his disposal to push

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Israel to the negotiating table, the only one that cannot really hurt it in any way is the discussion surrounding construction in the settlements. And would it be better for us if the United States decided to harm Israel's security interests? Is it preferable that the profound relations of friendship and trust between the two countries be damaged?.... The United States, with justification and wisely, is not giving in to Israel on [the settlement] issue, and it appears the Obama administration understands correctly that the real and perhaps only test of Netanyahu's seriousness regarding the two-state plan will be his willingness to end the expansion of the settlements. If Netanyahu, despite all his speeches, is not able to fulfill this simple requirement -- which as noted does no real damage to Israel -- it is a sign that it is not in our interest to keep discussing a Palestinian state with him. And it really isn't in our interest for Obama to reach this conclusion.

II. "Restraint in the North"

HaQaretz editorialized (7/29): QThe current government must learn from the mistakes of its predecessor and not be drawn into provocations in the north. However anger-inducing Nasrallah's remarks and provocations such as the mass march to Har Dov [the Sheba Farms] are, Israel has nothing to gain from another round of violence against Hizbullah. It is better to maintain the uneasy peace along the border, which is grounded in mutual deterrence, and not undermine it.... Prime Minister Benjamin Netanyahu's government must focus on its key goals -- improving relations with the United States, renewing the peace process and stopping the Iranian nuclear threat. It must not divert its intention to secondary arenas. Israel must act in coordination with the U.S. administration to calm the situation and improve security arrangements along the Lebanese border to ensure that the unneeded adventure of the summer of 2006 does not happen again.

III. "A President Devoid of a Past"

Rabbi Moshe Shafir wrote in the Shas Party weekly Yom LeQYom (7/29): QIt is no secret that increasingly loud squeaks are being heard between Israel and the U.S. Even optimists among us will find hard to ignore these unpleasant sounds.... Only recently did Mr. Barack Obama enter his position: The economic and diplomatic condition of his nation was very bad. He noticed that his predecessor unsuccessfully tried with all his might to cope with the forces of evil in the world. In such circumstances, Mr. Obama decided to forgo small changes and undertake a revolution: QWeQll embrace the bad ones and beat up the good ones -- it cannot get any worse.Q It is no secret that IsraelQs leaders hold a completely different view of the predicament and its solution -- at least as regards this region, because in the Middle East one understands that things can definitely get worse. ThatQs a problem. Despite all this, we must remember and recall that we depend on the mighty United States, which takes care of us secretly and overtly.

CUNNINGHAM